

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

Telephone: (801) 538-5291

Fax: (801) 359-3940

SMALL MINING OPERATIONS 2008 PROGRESS REPORT

January 1, 2008 to December 31, 2008

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

1. Mine Permit Number: S0/300/34
2. Mine Name: Lucin Variscite Mine (Private Mineral)
3. Name of Operator/Permittee: Penney's Gemstones LLC

Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention.

4. Mine Location: No Change from file
5. Report the gross amount of ore mined and waste moved, as well as the current disposition of the material (sold, stockpiled, regraded, etc.):

Gross Ore Mined	<u>hand samples <1</u> Tons
Waste Material Moved	<u>0</u> Tons
New Disturbance	<u>0</u> Acres during 2008
Area Reclaimed	<u>0</u> Acres during 2008
Total Disturbed Area	<u>no change ;see BLM files</u> Acres*

*Total life of mine disturbance to the end of 2008.

Was the ore shipped off site? If not, where is the ore located? N/A

Where is the waste located? N/A

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release).

N/A Private mineral

I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): David L. Penney
Title of Operator: owner/operator/registered agent
Signature of Operator: David L. Penney
Date: December 29, 2008

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CC: Lynn
RECEIVED
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